Rehabilitation Questions and Answers

What is the difference between rehabilitation and remodeling?

Rehabilitation will take of care of most major housing code and structural problems, making your home safe and comfortable for many years. The advantages are special City financing, increased home values, and freedom from worries about major repairs and lead hazards.

Why should I fix up my home?

Your home is your biggest investment. If you maintain it, your home will be more valuable when you sell it or leave it to your heirs.

Why should I want my home to be leadsafe?

All children, especially those under 6, pregnant women, and even adults could suffer various health effects when expose to lead-based paint residues. Through education, paint stabilization, lead hazard remediation, and proper maintenance and cleaning, you can minimize lead effects and protect the health of your family.

Why is the City doing this?

By assisting families and individuals in detecting and correcting housing problems early, the City is helping citizens to maintain the condition and value of their home, and the viability of our neighborhoods.



City of Burlington

Homeowner
Rehabilitation
and Repair
Program



Call **336- 222-5070**for More
Information



Does your home need repairs?

The Department of Planning and Community Development provides a housing rehabilitation program to help low and moderate income homeowners fix their homes. If you qualify for the rehabilitation program and you or a family member is physically disabled, you will be given special consideration.

The City of Burlington receives funding from two federal programs. Rehabilitation loans are available through the Community Development Block Grant (CDBG) and HOME Investment Partnership programs.

HOME Rehabilitation Loan Requirements:

- 1. The property must be located within Alamance County.
- 2. Property owners must occupy the property as their principal residence.
- Annual gross household income must not exceed 80 percent of the median income for the area, as determined by HUD with adjustments for family size.

CDBG Rehabilitation Loan Requirements:

- 1. The property must be located within the City of Burlington.
- Property owners must occupy the property as their principal residence.
- Annual gross household income must not exceed 50 percent of the median income for the area, as determined by HUD with adjustments for family size.

What Help is Available?

HOME program is set up as a deferred loan. The loan terms are as follows:

- 1. Minimum HOME loan is \$1,000.
- Maximum loan amount shall be 95 percent of the appraised property value after rehabilitation is completed minus the existing debt on the property.
- 3. All loans are secured by a Deed of Trust, and Promissory Note.
- 4. Payment of the loan is deferred up to 10 years with no interest accruing. At the City's option, payment may be deferred for a second 20-year term with 3 percent interest accruing.
- 5. During the term of the loan, if the property is sold or ownership is transferred, all unpaid principal and interest become due and payable unless the City approves it.

CDBG rehabilitation home loan program can be a deferred loan or regular loan. The loan terms are as follows:

DEFERRED LOAN

- 1. Owner-occupants only,
- 2. All loans shall be secured by a Deed of Trust.
- Applicant's total household income must not exceed 50% of the area median income, the "very low income" limits published by (HUD).
- 4. Payment is deferred for up to 10 years with no accrued interest, and may be deferred for a second 10 year term with 3% interest accruing.
- During the deferral period, if the property is sold, the loan becomes due and payable in the total amount outstanding.
- 6. The maximum amount of a deferred loan shall be 95% of the after-rehab appraised value minus existing debt.

REGULAR LOANS

- 1. Owner-occupants only,
- All loans shall be secured by a Deed of Trust.
- Applicant's total household income shall not exceed 80% of area median family income, the limits of "low income" published in the HUD Section 8 income limits for the Burlington, North Carolina area.
- 4. The interest rate shall be 3% with a maximum term of 20 years.
- During the regular loan period, if the property is sold or conveyed, the loan becomes due and payable in the total amount outstanding.
- The maximum loan amount shall be 95% of the after-rehabbed appraised value of the subject property minus existing debts.

How Does it Work?

- Call the Planning and Community
 Development Department at 336-222-5070
 and a rehabilitation staff member will discuss the program with you.
- 2. An application will be mailed to you.
- 3. If you qualify, your home will be inspected to determine what repairs are needed.
- 4. Cost estimates of the work will be reviewed with you.
- Should you proceed, a cost estimate will be done and your work will be bid out to eligible contractors who work with the program.
- 6. A loan closing is will be held.
- Work will not start until a Proceed Order has been issued.
- 8. To protect you, City staff will inspect the Contractor's work regularly.
- When all the work is completed and a final inspection is conducted, a final close out will be held, and any warranties will be turned over to you.
- 10. The availability of funding will determine if eligible applicants will receive a loan through the programs.